

S 287 IS

109th CONGRESS  
1st Session  
**S. 287**

To require the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law.

**IN THE SENATE OF THE UNITED STATES**

**February 3, 2005**

Mr. ENSIGN (for himself, Mr. KYL, and Mr. CRAPO) introduced the following bill; which was read twice and referred to the Committee on the Budget

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**A BILL**

To require the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SENSE OF CONGRESS.**

It is the sense of Congress that it is necessary to ensure that Congress is presented with reliable information from the Congressional Budget Office and the Joint Committee on Taxation as to the dynamic macroeconomic feedback effects to changes in Federal law and the probable behavioral responses of taxpayers, businesses, and other parties to such changes. Specifically, the Congress intends that, while not excluding any other estimating method, dynamic estimating techniques shall also be used in estimating the fiscal impact of proposals to change Federal laws, to the extent that data are available to permit estimates to be made in such a manner.

## **SEC. 2. ESTIMATES OF THE JOINT COMMITTEE ON TAXATION.**

In addition to any other estimates it may prepare of any proposed change in Federal revenue law, a fiscal estimate shall be prepared by the Joint Committee on Taxation of each such proposed change on the basis of assumptions that estimate the probable behavioral responses of personal and business taxpayers and other relevant entities to that proposed change and the dynamic macroeconomic feedback effects of that proposed change. The preceding sentence shall apply only to a proposed change that the Joint Committee on Taxation determines, pursuant to a static fiscal estimate, has a fiscal impact in excess of \$250,000,000 in any fiscal year.

## **SEC. 3. ESTIMATES OF THE CONGRESSIONAL BUDGET OFFICE.**

In addition to any other estimates it may prepare of any proposed change in Federal revenue law, a fiscal estimate shall be prepared by the Congressional Budget Office of each such proposed change on the basis of assumptions that estimate the probable behavioral responses of personal and business taxpayers and other relevant entities to that proposed change and the dynamic macroeconomic feedback effects of that proposed change. The preceding sentence shall apply only to a proposed change that the Congressional Budget Office determines, pursuant to a static fiscal estimate, has a fiscal impact in excess of \$250,000,000 in any fiscal year.

## **SEC. 4. DISCLOSURE OF ASSUMPTIONS.**

Any report to Congress or the public made by the Joint Committee on Taxation or the Congressional Budget Office that contains an estimate made under this Act of the effect that any legislation will have on revenues shall be accompanied by--

- (1) a written statement fully disclosing the economic, technical, and behavioral assumptions that were made in producing that estimate, and
- (2) the static fiscal estimate made with respect to the same legislation and a written statement of the economic, technical, and behavioral assumptions that were made in producing that estimate.

## **SEC. 5. CONTRACTING AUTHORITY.**

In performing the tasks specified in this Act, the Joint Committee on Taxation and the Congressional Budget Office may, subject to the availability of appropriations, enter into contracts with universities or other private or public organizations to perform such estimations or to develop protocols and models for making such estimates.